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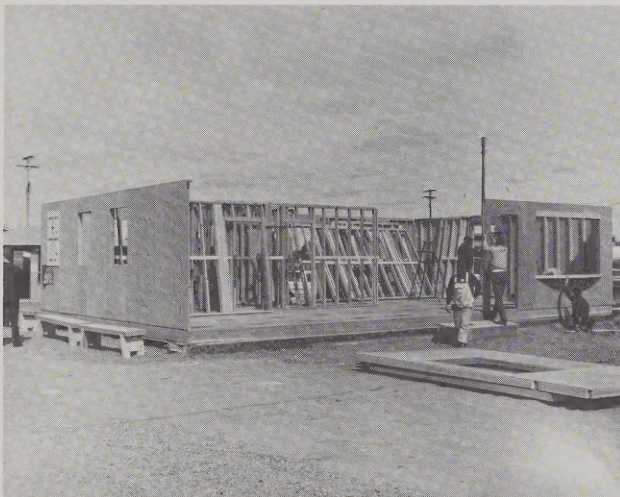


# BEAVER LUMBER COMPANY LIMITED

1965  
ANNUAL REPORT



These photographs show a typical Manufactured Home during erection. All photographs were taken the *same day!*





## HIGHLIGHTS

	1965	1964
Sales.....	\$54,623,286	\$52,726,880
Earnings before income taxes.....	4,567,782	5,042,151
Income taxes.....	2,281,334	2,568,089
Net earnings.....	2,286,448	2,474,062
Per common share.....	\$ 2.75	\$ 2.99
Dividends.....	1,380,231	1,381,145
Per share:		
Preferred.....	\$ 1.40	\$ 1.40
Class A.....	1.00	1.00
Common.....	1.60	1.60
Working capital.....	13,623,785	12,542,473
Retained earnings.....	20,196,955	19,201,169
Number of common shareholders.....	1,231	1,228

3.5% ↑

7.5% ↓



# BEAVER LUMBER

COMPANY LIMITED

## Directors

R. J. GOURLEY, <i>Winnipeg</i>	K. C. KENNEDY, <i>Winnipeg</i>
C. M. WILLOUGHBY, <i>Regina</i>	C. G. SMITH, <i>Winnipeg</i>
J. E. WOODS, <i>Winnipeg</i>	J. H. HARMAN, <i>Victoria</i>
H. B. GOURLEY, <i>Winnipeg</i>	T. O. PETERSON, <i>Winnipeg</i>
J. HARRIS, <i>Winnipeg</i>	D. S. PATERSON, <i>Winnipeg</i>

## Officers

R. J. GOURLEY, *Chairman of the Board*  
 K. C. KENNEDY, *President*  
 H. B. GOURLEY, *Vice-President*  
 K. A. MITCHELL, *General Manager*  
 W. T. CUMMINGS, *Secretary-Treasurer*

## Division Managers

ONTARIO: J. W. DUPRAS, *Clarkson*  
 MANITOBA: T. LEONARD, *Winnipeg*  
 SASKATCHEWAN: A. F. STYLES, *Regina*  
 ALBERTA: A. G. GEMMELL, *Edmonton*  
 BRITISH COLUMBIA: J. S. WATSON, *North Surrey*

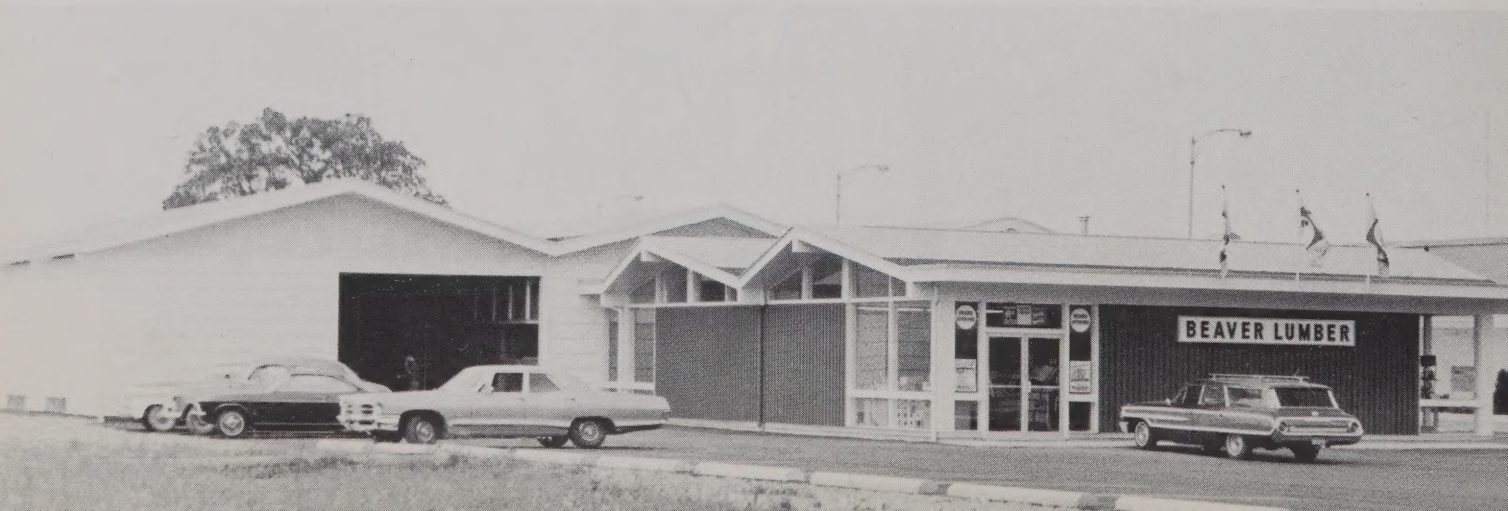
## Registrar and Transfer Agent

MONTREAL TRUST COMPANY, *Toronto, Winnipeg and  
Vancouver*

## Head Office

120 Fort Street, *Winnipeg, Canada*

NEW STORE AND WAREHOUSE, STRATFORD, ONT.





# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

Your Directors are pleased to present herewith the annual consolidated financial statements for the year ended December 31st, 1965.

Sales volume (published for the first time in the history of the Company) reached a record high in 1965. Lower gross profit margins and increased operating costs resulted in net earnings being \$187,000 below those realized last year.

After providing \$746,000 for depreciation, \$116,000 for bad debts, \$247,000 for interest on borrowed funds, and \$2,281,000 for income taxes, net earnings are \$2,286,000.

Increased consumer incomes, the availability of credit, and average weather combined to create a steady demand for building supplies throughout 1965. However, the more than adequate supply of all building materials maintained a market in which prices obtainable were not always satisfactory. At the same time, the condition of virtually full employment that exists in Canada contributed to our increase in costs. Payrolls and employee benefits accounted for more than half of the increase.

Accounts receivable at \$6,157,000 are the lowest in recent years. All known bad debts have been written off and adequate allowance for possible losses on the remaining accounts has been provided.

Merchandise inventories are \$12,352,000, an increase of \$366,000. New branches required merchandise totalling \$345,000.

On January 1st, 1965, the federal sales tax on building materials was increased by 3%, bringing the total tax imposed since June 1963 to 11%. One of the effects of this tax has been to increase our investment in inventory by approximately \$1,000,000.

Since the last report, branches have been established at Esterhazy and Watson in Saskatchewan; Lacombe, Alberta; Prince George, B.C.; and Blind River, Huntsville, Mount Forest, and Simcoe in Ontario. The Ontario Division now operates 80 branches, an increase of 31 during the past 10 years. Capital expenditures on new outlets, improvements to existing plants, and sites for future outlets required an outlay of \$1,011,000.

In May 1965 the Company introduced the "Beaver Manufactured Homes" in the Prairie Provinces. Acceptance of our models was up to expectations in 1965 and early indications are that demand will increase in 1966.

A careful review of the Company Pension Plan early in the year resulted in employee benefits being increased. The Canada Pension Plan was integrated with the Company Plan on January 1st, 1966.



Due to the nature of its business, the consolidation of the accounts of Beaver Lumber Acceptance Corporation Limited made it difficult to appraise the operations and position of either the finance company or the Beaver Lumber Company Limited and its other subsidiaries. To clarify the situation, the consolidated balance sheet shows the investment in the wholly-owned finance company at equity value, and a separate statement of the assets and liabilities of Beaver Lumber Acceptance Corporation Limited is included with this report.


Finance contracts at \$3,467,000 net are \$200,000 more than a year ago. Mortgages at \$1,231,000 have increased by \$389,000. The sale of a \$1,000,000 5 $\frac{3}{4}$ % note was negotiated in 1965 and a further sale of an equal amount on the same terms was made subsequent to the year end. Your Directors deemed it prudent to lessen the Company's dependence on short term borrowing.

Mr. Donald S. Paterson was elected a Director of the Company in August 1965, filling a vacancy on the Board. Mr. Paterson is Vice-President and a Director of N. M. Paterson & Sons Ltd. and a Director of a number of other Canadian companies.

Prospects for increased sales and profit in 1966 appear excellent. Expense is likely to remain a problem and will require the closest attention of all concerned.

Your Directors are very much aware of the loyalty, effort, and co-operation that have characterized the performance of all personnel throughout the year and are pleased to take this opportunity to express their sincere appreciation.

Respectfully submitted,



President.

Winnipeg, March 14, 1966.

**NEW STORE AND WAREHOUSE, HUNTSVILLE, ONT.**



# BEAVER LUMBER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF EARNINGS

For the year ended December 31, 1965

(with 1964 figures for comparison)

	1965	1964
SALES.....	\$54,623,286	\$52,726,880
	<hr/>	<hr/>
EARNINGS FROM OPERATIONS—before the undernoted items.....	5,261,012	5,749,791
	<hr/>	<hr/>
Depreciation.....	746,454	744,141
Directors' fees and salaries of officers who are directors.....	91,000	92,000
	<hr/>	<hr/>
	837,454	836,141
	<hr/>	<hr/>
	4,423,558	4,913,650
Net earnings—Beaver Lumber Acceptance Corporation Limited (Note 1).....	120,098	122,184
Income from other investments.....	24,126	6,317
	<hr/>	<hr/>
EARNINGS BEFORE INCOME TAXES.....	4,567,782	5,042,151
Income taxes.....	2,281,334	2,568,089
	<hr/>	<hr/>
NET EARNINGS.....	\$ 2,286,448	\$ 2,474,062
	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.



# BEAVER LUMBER

## CONSOLIDATED

AS AT DECEMBER 31, 1965

(with 1964 figures)

### ASSETS

#### CURRENT ASSETS:

	1965	1964
Accounts receivable, less allowance for doubtful accounts.....	\$ 6,157,675	\$ 6,313,095
Agreements receivable.....	398,364	295,572
Merchandise inventories at the lower of cost or replacement cost....	12,351,925	11,985,585
Insurance deposits.....	69,807	69,225
Total current assets.....	<u>18,977,771</u>	<u>18,663,477</u>

#### INVESTMENTS:

Shares in and advances to wholly-owned finance company— at equity value (Note 1).....	1,786,629	2,165,231
Shares in other companies—at cost.....	23,206	23,206
	<u>1,809,835</u>	<u>2,188,437</u>

#### FIXED ASSETS:

Land, buildings and equipment—at cost.....	16,579,583	15,905,035
Less accumulated depreciation.....	9,544,038	9,134,506
Net fixed assets.....	<u>7,035,545</u>	<u>6,770,529</u>

Approved on behalf of the Board:

K. C. KENNEDY, Director

T. O. PETERSON, Director

TOTAL.....	<u>\$27,823,151</u>	<u>\$27,622,443</u>
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The accompanying notes are an integral part of these financial statements.



# COMPANY LIMITED

## BALANCE SHEET

BER 31, 1965

(for comparison)

### LIABILITIES

#### CURRENT LIABILITIES:

	1965	1964
Bank loan and overdraft.....	\$ 2,346,327	\$ 1,950,675
Notes payable.....	750,000	1,398,202
Accounts payable.....	1,090,252	1,256,634
Income and other taxes payable.....	822,096	1,170,182
Dividends payable.....	345,311	345,311
Total current liabilities.....	<u>5,353,986</u>	<u>6,121,004</u>

#### CONTINGENT LIABILITIES—(Note 2)

### SHAREHOLDERS' EQUITY

#### Capital stock:

##### Authorized:

Preferred cumulative redeemable \$1.40 series, 59,979 shares of a par value of \$20.00 each.

Class A—100,000 shares of no par value, cumulative dividend of \$1.00 per annum.

Common—1,000,000 shares of no par value.

##### Issued and fully paid:

	Shares			
	1965	1964		
Preferred.....	34,979	34,979		
Less held by subsidiary company.....	1,706	303		
	<u>33,273</u>	<u>34,676</u>	665,460	693,520
Class A.....	78,369	78,369	1,606,750	1,606,750
Common.....	783,690	783,690		
			<u>2,272,210</u>	<u>2,300,270</u>
Retained earnings—(Note 3).....			20,196,955	19,201,169
Total shareholders' equity.....			<u>22,469,165</u>	<u>21,501,439</u>
TOTAL.....			<u>\$27,823,151</u>	<u>\$27,622,443</u>

ral part of the financial statements.

# BEAVER LUMBER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1965

BALANCE DECEMBER 31, 1964.....		\$19,201,169
ADD:		
Net earnings.....	\$2,286,448	
Profit on disposal of fixed assets.....	56,658	
Profit on sale of collateral properties.....	53,800	
		<u>2,396,906</u>
		21,598,075
DEDUCT:		
Dividends:		
Preferred.....	\$ 47,958	
Class A.....	78,369	
Common.....	1,253,904	
		<u>1,380,231</u>
Premium on Beaver Lumber Company Limited preferred shares purchased by subsidiary company.....	12,065	
Miscellaneous.....	8,824	
		<u>1,401,120</u>
BALANCE DECEMBER 31, 1965.....		<u><u>\$20,196,955</u></u>

The accompanying notes are an integral part of the financial statements.

NEW STORE AND WAREHOUSE, CARLYLE, SASK.





# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1965

(with 1964 figures for comparison)

	1965	1964
SOURCE OF FUNDS:		
Net earnings.....	\$ 2,286,448	\$ 2,474,062
Provision for depreciation.....	746,454	744,141
	<hr/> 3,032,902	<hr/> 3,218,203
Decrease in investment in wholly-owned finance company.....	378,602	—
Profit on sale of collateral properties.....	53,800	—
	<hr/> 3,465,304	<hr/> 3,218,203
APPLICATION OF FUNDS:		
Additions to fixed assets—net.....	954,812	1,081,415
Dividends paid.....	1,380,231	1,381,145
Increase in investment in wholly-owned finance company.....	—	1,153,935
Beaver Lumber Company Limited preferred shares purchased by subsidiary company.....	40,125	85,229
Purchase of balance of minority interest in subsidiary company.....	—	305,212
Miscellaneous.....	8,824	—
	<hr/> 2,383,992	<hr/> 4,006,936
INCREASE (DECREASE) IN WORKING CAPITAL.....	1,081,312	(788,733)
WORKING CAPITAL AT BEGINNING OF THE YEAR.....	12,542,473	13,331,206
WORKING CAPITAL AT END OF THE YEAR.....	<hr/> \$13,623,785	<hr/> \$12,542,473

The accompanying notes are an integral part of the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1965

1. The consolidated financial statements include the accounts of all subsidiary companies with the exception of the wholly-owned finance company, Beaver Lumber Acceptance Corporation Limited. The nature of the business of this subsidiary is different to the retail operations of the parent company and other subsidiaries. A statement of the assets and liabilities of Beaver Lumber Acceptance Corporation Limited as at December 31, 1965 is appended hereto. The investment in the wholly-owned finance company, including advances 1965 \$695,000, 1964 \$1,178,700, is shown on the Consolidated Balance Sheet at equity value; its net earnings are included in the Consolidated Statement of Earnings and its retained earnings are included in the Consolidated Statement of Retained Earnings. The comparative figures for 1964 have been restated throughout the consolidated financial statements to conform with the 1965 basis of consolidation.
2. The Company is contingently liable in the following amounts: customers' secured notes discounted \$280,186 and wholly-owned finance company's promissory note payable \$1,000,000. Subsequent to December 31, 1965 the finance company borrowed a further sum of \$1,000,000 on the same terms and conditions as the note payable referred to above.
3. Under the terms of the Company's guarantee of the finance company's promissory note payable, the Company has covenanted that it will not declare or pay any dividends, other than stock dividends and \$1.40 series preferred dividends, or redeem any shares of its capital stock that in the aggregate will reduce the consolidated retained earnings below \$14,200,000.

BEAVER MANUFACTURED HOMES

A 1966 MODEL





# AUDITORS' REPORT

## TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Beaver Lumber Company Limited and its consolidated subsidiary companies as at December 31, 1965 and the consolidated statements of earnings and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings present fairly the financial position of the companies as at December 31, 1965 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the supplementary consolidated statement of source and application of funds for the year ended December 31, 1965 and, in our opinion, this supplementary statement, when considered in relation to the basic financial statements, presents fairly in all material respects the information shown therein.

DELOITTE, PLENDER, HASKINS & SELLS,

Chartered Accountants,

Winnipeg, Manitoba  
February 22, 1966

MANUFACTURED HOME LOADED FOR DELIVERY



# BEAVER LUMBER ACCEPTANCE CORPORATION LIMITED

## STATEMENT OF ASSETS AND LIABILITIES

As at December 31, 1965  
(with 1964 figures for comparison)

	1965	1964
ASSETS:		
Finance contracts receivable—net (Note 1).....	\$3,466,875	\$3,267,161
Mortgages receivable (Note 2).....	1,231,022	842,369
Furniture and equipment—at cost less accumulated depreciation.....	9,934	2,688
TOTAL.....	<u>\$4,707,831</u>	<u>\$4,112,218</u>
LIABILITIES:		
Bank loan—secured.....	\$1,719,000	\$1,721,000
Bank overdraft.....	129,007	77,407
Income taxes payable.....	43,150	142,717
Accounts payable and accrued charges.....	30,045	5,863
	<u>1,921,202</u>	<u>1,946,987</u>
Promissory note payable (Note 3).....	<u>1,000,000</u>	<u>—</u>
Equity of Beaver Lumber Company Limited and its subsidiary companies:		
Advances.....	695,000	1,178,700
Share capital.....	300,006	300,006
Retained earnings.....	791,623	686,525
	<u>1,786,629</u>	<u>2,165,231</u>
TOTAL.....	<u>\$4,707,831</u>	<u>\$4,112,218</u>

**Note 1.** Finance contracts receivable are shown net after deducting unearned finance charges 1965 \$639,177, 1964 \$633,875, and allowance for doubtful accounts 1965 \$146,312, 1964 \$147,259, and include instalments due after twelve months amounting to \$1,675,000 at December 31, 1965 and \$1,635,000 at December 31, 1964.

**Note 2.** Mortgages receivable including accrued interest 1965 \$13,595, 1964 \$9,673, are shown net after deducting allowance for doubtful loans 1965 \$23,865, 1964 \$17,597.

**Note 3.** 5¾% promissory note due 1985, principal repayable in equal annual instalments commencing 1976.

**Note 4.** Subsequent to December 31, 1965 the Corporation borrowed a further sum of \$1,000,000 on the same terms as above, the proceeds being used to retire short-term indebtedness.

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the statement of assets and liabilities of Beaver Lumber Acceptance Corporation Limited as at December 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the assets and liabilities of Beaver Lumber Acceptance Corporation Limited as at December 31, 1965 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, PLENDER, HASKINS & SELLS,  
Chartered Accountants.

Winnipeg, Manitoba,  
February 22, 1966.





## AND SUBSIDIARY COMPANIES

	Number of Branches
ONTARIO DIVISION:	
Beaver Lumber Company Limited.....	74
Beaver Lumber (Brantford) Limited.....	1
Beaver Lumber (Dunnville) Limited.....	1
Beaver Lumber (Quebec) Limited.....	3
Beaver Lumber (Trenton) Limited.....	1
	— 80
MANITOBA DIVISION:	
Beaver Lumber Company Limited.....	46
The Empire Sash & Door Company Limited.....	1
	— 47
SASKATCHEWAN DIVISION:	
Beaver Lumber Company Limited.....	75
ALBERTA DIVISION:	
Beaver Lumber Company Limited.....	68
Beaver Lumber (Kingsway) Limited.....	1
	— 69
BRITISH COLUMBIA DIVISION:	
Beaver Lumber Company Limited.....	11
Beaver Lumber Acceptance Corporation Limited.....	1
Total.....	283





# **BEAVER LUMBER COMPANY LIMITED**

**Notice of**

**Annual**

**Meeting**

**20th April, 1966**

NOTICE is hereby given that the annual meeting of the shareholders of Beaver Lumber Company Limited will be held at the Fort Garry Hotel, in the city of Winnipeg, in Manitoba, on Wednesday, the 20th day of April, 1966, at the hour of four o'clock in the afternoon, for the following purposes:

1. Receiving and considering the report of the directors and the consolidated financial statements for the year ended 31st December, 1965, and the Auditors' Report.
2. The election of directors and the appointment of auditors for the ensuing year.
3. The transaction of such other business as may properly come before the meeting.

If you are a holder of common shares and do not expect to be present personally at the meeting, will you please sign, date and return the attached form of proxy.

W. T. CUMMINGS,  
Secretary-Treasurer.

Winnipeg, 10th March, 1966.



# BEAVER LUMBER COMPANY LIMITED

## PROXY

I/We.....  
(Please print name)

of.....being a holder of.....  
shares of common stock of BEAVER LUMBER COMPANY  
LIMITED, do hereby appoint and authorize MR. R. J. GOURLEY,  
Chairman of the Board, or failing him MR. K. C. KENNEDY,  
President, or failing him MR. H. B. GOURLEY, Vice-President, or  
failing him .....,  
to vote for me/us and on my/our behalf, at the annual meeting  
of shareholders of the said Company to be held on Wednesday,  
the 20th day of April, 1966, and at any adjournment thereof.

DATED at..... }  
this.....day of.....1966. } Signature of Shareholder

NOTE—Only shareholders of the common stock are entitled to vote at  
this meeting.

**BUSINESS REPLY ENVELOPE**

No Postage Stamp Necessary if Mailed in Canada

6 cents Postage will be paid by

**BEAVER LUMBER COMPANY LIMITED**

**BOX 813**

**WINNIPEG 1**

**MANITOBA**

